DOCUMENT RESUME

ED 302 600 UD 026 440

AUTHOR McLanahan, Sara; Garfinkel, Irv
TITLE Single Mothers, the Underclass, and Social Policy. CDE Working Paper 88-30.
INSTITUTION Wisconsin Univ., Madison. Center for Demography and Ecology.
SPONS AGENCY Ford Foundation, New York, N.Y.; National Inst. of Child Health and Human Development (NIH), Bethesda, Md.
PUB DATE Jul 88
GRANT HD19375-03
NOTE 31p.; Conducted in part using facilities provided by a Population Research Grant (HD05876) from the Center for Population Research of the National Institute of Child Health and Human Development.
PUB TYPE Information Analyses (070)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS *Blacks; Day Care; Differences; *Economically Disadvantaged; Fatherless Family; *Females; Health Needs; Inner City; Labor Force; One Parent Family; Policy Formation; Program Development; Public Policy; Racial Differences; Regional Characteristics; Sex Differences; Social Services; Unemployment; *Unwed Mothers; Urban Demography; *Urban Problems; Welfare Recipients; *Welfare Services
IDENTIFIERS *Feminization of Poverty

ABSTRACT

Although the vast majority of single mothers do not fit the description of an underclass, there is a small group of predominantly black single mothers concentrated in northern urban ghettos that is persistently weakly attached to the labor force, socially isolated, and reproducing itself. Although welfare programs are necessary for those who are failed by or who fail in (depending upon one's political perspective) the labor market and other mainstream institutions, too heavy a reliance upon welfare can facilitate the growth of an underclass. In contrast, aiding single mothers through more universal programs such as a child support assurance system, child care, health care, children's allowances, and a full employment macro-economic policy will retard the growth of an underclass. (BJV)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

10-27-88

ED302600

Center For Demography And Ecology
University of Wisconsin-Madison

SINGLE MOTHERS, THE UNDERCLASS, AND SOCIAL POLICY

Sara McLanahan
and
Irv Garfinkel

July 1988
CDE Working Paper 88-30

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
Sara McLanahan
U Wisconsin
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
✓ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

UD026440

BEST COPY AVAILABLE

Draft

Single Mothers, the Underclass, and Social Policy

Sara McLanahan
and
Irv Garfinkel

July 1988

Support for this research was provided by the National Institute for Child Health and Development under grant HD19375-03 and the Ford Foundation. We are grateful to Margaret Sims, Peter Gottschalk, Robert Reischauer for their comments on an earlier draft of the paper and to Liz Uhr for editorial assistance. In addition, this analysis was conducted, in part, using facilities provided by a Population Research Grant (HD05876) from the Center for Population Research of the National Institute of Child Health and Human Development to the Center for Demography and Ecology.

INTRODUCTION

Families headed by nonmarried women have increased dramatically during the past three decades. Whereas in 1960 about 7 percent of all children were living with a single mother, in 1987 the proportion was more than 21 percent.[1] Over half of all children born today will spend some time in a mother-only family before reaching age 18, about 45 percent of all white children and about 85 percent of black children.[2] Clearly, the mother-only family will have a profound effect on the next generation of Americans.

Increases in marital disruption and single parenthood have stimulated considerable debate during the past few years and there is much disagreement over whether recent trends are a sign of progress or decline. On the one hand the growth of mother-only families is viewed as evidence of women's increasing economic independence and greater freedom of choice with respect to marriage.[3] On the other, it is often treated as a proxy for social disorganization. With respect to the latter, three aspects of divorce and single motherhood are seen as especially problematic: (1) the high rate of poverty among families headed by women, variously referred to as the "feminization of poverty" and the "pauperization of women"; (2) the lower rates of socioeconomic attainment among children from mother-only families as compared with children from intact families; and (3) the potential role of mother-only families in the growth and perpetuation of an "urban underclass" in American cities.

In our book, Single Mothers and Their Children, we describe in detail the first two problems: poverty and intergenerational dependence.[4] In

this paper, we focus on the last question, whether mother-only families represent the crystallization of an urban underclass. We begin by discussing various definitions of the underclass and by presenting our own views on the subject. Next we ask whether there are mother-only families who fit the description of an underclass, and if so, what proportion might belong in this group. Finally we review domestic social policy from the perspective of whether the current system and recent proposals for reform serve to perpetuate or break down the boundaries that isolate mother-only families from the rest of society.

DEFINITIONAL ISSUES

The underclass has been the focus of considerable discussion during recent years, beginning with the publication of a series of articles in the New Yorker Magazine in the early 1980s.[5] While there is no general consensus on whether the underclass is a place or a group of people, most analysts agree that it is more than just another name for those at the bottom of the income distribution. Auletta defines the underclass as a group of people who suffer from "behavioral as well as income deficiencies" and who "operate outside the mainstream of commonly accepted values."[6] He includes street criminals, hustlers and drug addicts, welfare mothers, and the chronically mentally ill in his characterization of the underclass.

Whereas Auletta bases his definition of the underclass on individual behavior, others have used the word to describe particular geographical or residential areas. Sawhill and her colleagues at the Urban Institute speak of "people who live in neighborhoods where welfare dependency,

female-headed families, male joblessness, and dropping out of high school are all common occurrences."[7]

Finally, Wilson and his colleagues speak of the underclass as poor people, mostly black, who live in urban ghettos in the North Central and North Eastern regions of the country and who are "outside the mainstream of the American occupational system."[8] They contend that changes in these communities during the 1970s, including deindustrialization and the exodus of middle-class blacks, greatly altered the conditions of families left behind. Ghetto residents are worse off today than they were in the 1960s, not only because their environment is more dangerous but also because they have fewer opportunities for social mobility and fewer positive role models.

Weak Attachment to the Labor Force

A common thread running through all of these definitions is an emphasis on weak labor force attachment. Underclass people are generally described as either living in neighborhoods with high rates of unemployment or nonemployment, or as marginally attached to the labor force themselves. Weak attachment is viewed as problematic for several reasons. First, nonemployment clearly has costs for the individual, since in a market society such as ours wages are the primary source of income for all nonaged adults. Those who are not attached to the labor force, either directly or indirectly, are very likely to be poor or to be involved in some form of criminal activity. Moreover, their chances of gaining access to valued resources and/or power in the future are significantly lower than are the chances of those who are part of the labor force.

Weak attachment to the labor force also has costs for the rest of society, whose members ultimately must pay for high levels of nonemployment either through direct income transfers such as Aid to Families with Dependent Children (AFDC) or indirectly through the crime and social disorganization that accompanies unemployment and a large underground economy. In addition, conservatives and liberals express concern that weak attachment undermines the work ethic and thereby reduces productivity, whereas Marxists worry that it undermines the solidarity of the work force and thereby reduces the likelihood of successful collective action.

Disabled workers, widows, and married homemakers may be indirectly attached to the labor force either through their personal work history or through the current or past employment history of their spouse. In the case of disabled workers and widows, the primary source of household income comes from social insurance, which is linked to the past work history of the individual and the individual's spouse respectively. In the case of married homemakers, the primary source of income is partner's current earnings.

Persistence of Weak Attachment

Weak attachment to the labor force is a necessary but not sufficient condition for defining an underclass. Individuals who are temporarily out of work or ill or dependent on welfare are usually not viewed as part of the underclass, even though they may be living below the poverty line. Rather, it is the persistence of weak attachment that distinguishes underclass behavior and underclass neighborhoods from poverty areas and

the poor in general. Persistence may occur either over time, as when a person is unemployed and/or dependent on welfare for a long period, or it may occur across generations, as when a child of a welfare recipient becomes dependent on welfare herself. We argue that persistence across generations is a necessary condition for establishing the existence of an underclass.

The emphasis on persistence for individuals and across generations highlights the fact that the underclass does not simply signify a particular structural position or group at the bottom of the income distribution. Rather, it means that certain individuals and their offspring occupy this position over a period of time. Thus the problem is not merely inequality--the fact that some locations or statuses in society carry with them fewer rewards than others--but an absence of social mobility--the fact that some persons do not have the chance to improve their situation. When Wilson and his colleagues talk about those left behind in the ghettos of the central cities, they are expressing concern for what they view as declining opportunity and increasing immobility.[9]

Concern about the persistence of weak attachment to the labor force has resurfaced recently. The predominant view among poverty researchers during the 1970s was that nonemployment and dependence on public assistance were relatively short-term phenomena. According to researchers at the University of Michigan, nearly 25 percent of the population was poor at least one year during the 1970s whereas less than 3 percent was poor for at least eight of ten years.[10] This perspective, which emphasized the fluidity of the poverty population, was seriously challenged in the early 1980s by Bane and Ellwood, who noted that a nontrivial proportion of those who became dependent on welfare were dependent for 10 or

more years.[11] Bane and Ellwood's findings coincided with a new interest in the underclass and fueled concern that certain forms of poverty, especially those associated with weak labor force attachment, might be self-perpetuating. Mother-only families have been a particular concern, because they appear to experience longer periods of economic dependence than other poor groups and since the intergenerational implications of their prolonged dependence may be of greater consequence.

Social Isolation

A final characteristic essential to our definition and common to most discussions of the underclass is the notion that its members are isolated from the rest of society in terms of both their connection to mainstream social institutions and their values. Isolation, be it in urban ghettos or rural areas of the South, is of concern because it reduces knowledge of opportunities. Isolation combined with spatial concentration as occurs in urban ghettos is especially worrisome in that it may lead to the development of a deviant subculture. Isolation is a mechanism by which weak labor force attachment persists over time and across generations.

Not all analysts agree that the underclass has a unique culture, i.e., its own set of norms and values. In fact, since the late 1960s liberal scholars have tended to avoid discussions that attribute a different set of attitudes to those at the bottom of the income distribution. Most recall that in the 1960s scholars who expressed concern over the "culture of poverty," even those who cited unemployment as the fundamental cause of deviant attitudes and behavior, were accused of blaming the victim.[12] Thus, recent discussions of social isolation have tended

to emphasize macroeconomic conditions and the institutional aspects of isolation as opposed to its norms and culture. For example, Wilson and his colleagues describe urban ghettos as communities with few employment opportunities and lacking in the leadership and inter-organizational networks that facilitate job search and sustain community morale during times of high unemployment. Whereas weak institutions are expected to translate into cultural differences, the former is viewed as the driving force behind the latter.

THE SPECIAL CASE OF SINGLE MOTHERS

Some would argue that single mothers are engaged in household production and therefore cannot be part of an underclass, even if they are not working in the paid labor force. Certainly raising children is a valued activity that contributes to the public good by producing the next generation of young workers. A large proportion of married women devote full time to child care, at least while their children are very young, and many experts believe that this is the best use of their time. Furthermore most industrialized countries provide children's allowances and various forms of parental leave which make explicit the social value of children as well as the value of parental time spent on infant care. Yet in the United States, among single mothers only widows are provided sufficient public benefits to allow them to invest in full-time childcare without paying the penalty of stigma and poverty. The fact that widowed mothers are treated differently from other single mothers suggests that something other than the mother's lack of paid employment and the cost of public transfers is underlying the recent concern over welfare mothers.

One explanation for the negative attitudes toward welfare mothers is that they serve as proxies for nonemployed men who are the primary concern of many analysts. According to this view, for every welfare mother, there is potentially a nonworking father who is part of the underclass. For critics of the welfare system such as Murray, the AFDC mother is not only a proxy for the nonemployed father, she and the system that supports her are a cause of his unemployment.[13] According to Murray, single motherhood encourages male irresponsibility, which in turn undermines the work ethic and social productivity. In stark contrast, Wilson argues that the welfare mother is an indicator of a failing economic system in which low-skilled men can no longer support their families. According to this view, unemployment or low-paying jobs lead to family dissolution and nonmarriage which give rise to single motherhood.

Although the causal relationship between single motherhood and male employment is opposite in these two views, both Murray and Wilson focus on male employment as the primary problem. Concern for male employment also explains why widowed mothers are treated differently from other single mothers, even though they work fewer hours and receive higher public benefits. First, widowhood is caused by the death of a spouse and therefore is not a voluntary event. Providing for widows does not encourage male irresponsibility or reduce the motivation to work. Second, Survivors Insurance, like all aspects of social insurance, is closely tied to the previous work attachment of the (deceased) spouse and thus it enhances rather than undermines the work ethic. In sum, widowed mothers who are eligible for SI are indirectly attached to the labor force even though they are not currently employed.

Quite apart from what it suggests about male employment, nonemployment among single mothers appears to be a growing concern in and of itself. The issue is not simply whether weak attachment to the labor force increases welfare costs, although for some this is the major problem, but whether full-time mothering has personal costs for women and children and social costs for the rest of society beyond the immediate transfer payments. Recent trends in the labor force participation of married mothers suggest that social norms about women's employment are changing, and this in turn affects how policymakers and the general public view nonemployment among single mothers. When Mothers' Pensions programs were instituted in the beginning of the century, and when Survivors Insurance and AFDC were instituted in the 1930s, the prevailing view was that mothers should stay home and care for their children.[14] Today, this view is changing to reflect the fact that a majority of married mothers spend at least part of their time working in the paid labor force. The fact that over half of married mothers with young children work outside the home suggests that policies that encourage long term economic dependency are not likely to be tolerated by the public. The welfare mother is increasingly isolated from mainstream society by virtue of the fact that she is not in the labor force.

EXTENT OF PERSISTANT WEAK ATTACHMENT

Are single mothers weakly attached to the labor force, and if so does weak attachment persist over time and across generations? Both the absence of earnings and the presence of welfare are indicators of weak attachment. Although the former is the better measure in that it

measures attachment directly, research on the latter is more readily available and therefore we rely on it. In 1987, 69 percent of single mothers reported earnings whereas 33 percent reported receipt of some welfare.[15] Both the earnings and welfare figures suggest that about one-third of single mothers could be classified as weakly attached to the labor force. Of this group 56 percent will be dependent on welfare for 10 years or more.[16] Multiplying the 33 percent of single mothers who report weak attachment by the 56 percent who are destined for long-term dependence yields an estimate of 18 percent of current single mothers who are potentially at risk for being in the underclass.

As discussed above, nonemployment and economic dependency alone do not constitute sufficient evidence for classifying single mothers as part of the underclass, since these women are engaged in socially productive activity--taking care of children. Hence the more important question is: What happens to the children in these families? If the offspring of nonemployed single mothers become productive, independent citizens, the underclass characterization is inappropriate. And thus, although some people may complain that the cost of supporting these families is too high or unfairly imposed on the rest of society, their concern is different from that of whether welfare mothers are socially productive.

To address the question of intergenerational welfare dependence, detailed family histories over at least two generations are required. Such data are only now becoming available from longitudinal studies such as the Panel Study of Income Dynamics and the National Longitudinal Survey of Youth, both of which follow families and their offspring over a long period of time. Based on research by Gottschalk, we estimate that about 60 percent of the daughters from families who experience long

term welfare dependence will receive welfare themselves for at least one year.[17] Based on Ellwood's research, we estimate that about 40 percent of these daughters will receive welfare for 10 or more years.[18]

To combine and summarize these crude estimates: about 18 percent of single mothers in 1987 were dependent on welfare for a long period of time and about 24 percent of their daughters will be dependent on welfare for 10 or more years. We conclude, therefore, that about 4 percent (.24 x .18) of single mothers can be classified as members of an emerging underclass.

On the one hand, the 4 percent figure is an overestimate of the association between single motherhood and underclass status, since only a part of those women who ever experience single motherhood are single mothers in any particular year. Half of all women who divorce remarry within five years, and presumably most of these are not at risk for being part of an underclass.[19]

On the other hand, 4 percent is an underestiamte for some groups.[20] Persistence of welfare dependence among single mothers varies substantially. Ellwood finds, for example, that whereas 20 percent of whites who ever receive welfare will be dependent for 10 or more years, the figure for blacks is 32 percent.[21] Similarly Gottschalk finds that whereas half of white daughters of welfare dependent mothers become recipients themselves, the figure for blacks is 70 percent. Even more striking, whereas only 14 percent of divorced mothers who ever receive welfare will be dependent for 10 or more years, the figure for unmarried mothers is nearly 40 percent. Thus among some subgroups of single mothers, in particular young unwed black single mothers, the risk of being in the underclass is high.

EXTENT OF SOCIAL ISOLATION

Are mother-only families more socially isolated than other families, and does their isolation lower their mobility? As noted earlier, social isolation may occur because the community no longer functions as a resource-base for its member, as when a neighborhood has no jobs, no networks for helping to locate jobs, poor schools, and a youth culture that is subject to minimal social control. Cultural isolation, on the other hand, refers to deviations from normative standards, such as the absence of a work ethic or a devaluation of family commitments.

One way to measure social isolation is to ask what proportion of mother-only families live in urban neighborhoods with high proportions of poor people. Table 1 presents information on the proportion of different types of families in the United States who live in neighborhoods in which 20 percent or more of the population is poor or in which 40 percent or more is poor. Poverty areas are restricted to neighborhoods in the 100 largest cities.

Several findings of Table 1 merit attention. First, families headed by single mothers are more likely to live in poor urban neighborhoods than other families. Second, only a small proportion--about 5.6 percent --of mother-only families live in extremely poor neighborhoods. Finally, there are huge race differences in the degree of isolation of mother-only families. Whereas less than 5 percent of white mother-only families live in areas in which 20 percent of the residents are poor, over 34 percent of black mother-only families live in such areas. About 10 percent of black mother-only families and less than 1 percent of white mother-only families live in extreme poverty areas.

Table 1

Proportion of U.S. Families Living in Urban Poverty Areas in 1980

	20% Poverty Areas	40% Poverty Areas
Mother-only families	16.5	5.6
Other families	4.7	1.0
White mother-only families	4.5	[1.0][a]
Black mother-only families	34.2	[10.0][a]
Black persons	26.0	8.0

Source: Bureau of the Census, 1985.

[a]Information is not available on the proportion of white and black mother-only families living in areas that are 40 percent poor. We estimate these percentages by extrapolating from the proportions observed in 40 percent areas for other families and black persons. The estimate for white mother-only families was obtained by taking the ratio of mother-only families to other families that pertains to the 20 percent areas and assuming that the same ratio pertains to the 40 percent areas. The estimate for black mother-only families was obtained by taking the ratio of mother-only families to black persons that pertain to the 20 percent areas and assuming the same ratio in 40 percent areas.

To what extent have black mother-only families become more socially isolated during the 1970s? Our research suggests that the proportion of black mother-only families who reside in neighborhoods in which at least 20 percent of the residents are poor has declined. Yet the proportion of those who reside in neighborhoods that are at least 40 percent poor has increased dramatically--by about 30 percent. In other words, in the face of general economic progress for black families in the last 25 years, the proportion of poor mother-only families that are isolated has increased. Finally, these extremely poor neighborhoods have become more desolate with respect to the proportion of males employed and the proportion of families on welfare.[22]

In addition to residential characteristics, offspring from mother-only families also differ with respect to certain community resources and parental values. Research based on data from High School and Beyond, a survey of 50,000 high school sophomores and seniors, shows that black adolescents in mother-only families attend lower-quality high schools and are more accepting of nonmarital births than their counterparts in two-parent families, even after controlling for socioeconomic status. In contrast, the educational aspirations of their mothers are no different from those in two-parent families.[23]

In sum, whereas only a small proportion of mother-only families live in extremely poor--or what might be called underclass--neighborhoods, there is evidence that this group is growing. Moreover, there is some evidence that children from mother-only families are more accepting of the single-parent status than children from two-parent families. The

issue of intergenerational female headship and its consequences is especially important for blacks, given their higher concentration in urban poverty areas and their high prevalence of mother-only families. An important question which we have not attempted to answer here is whether an increasing proportion of new birth cohorts are being born to single mothers in extremely poor neighborhoods, and, if so, how this will affect the gains in socioeconomic status made by blacks during the past three decades.

SOCIAL POLICY TOWARD SINGLE MOTHERS AND THE UNDERCLASS

All communities develop institutions to aid dependent persons. As capitalism replaced feudalism, providing for the poor became a public responsibility. In the United States, we have always had public welfare programs, and they have been the most important source of government income for poor single mothers.[24] Though welfare programs are necessary, a too heavy reliance on them is conducive to the emergence of an underclass.

AFDC and other means-tested welfare programs undermine the indirect labor force attachment of poor single mothers by promoting female headship and reducing marriage.[25] While the effect of welfare on the aggregate growth in mother-only families is quite small, its effect on the poorest half of the population is more substantial. Our own crude estimate suggests that the threefold increase in AFDC and welfare-related benefits between 1955 and 1975 may account for as much as between 20 and 30 percent of the growth in mother-only families among the bottom half of the income distribution.

Welfare also undermines direct attachment to the labor force by imposing a high tax rate on earnings. Welfare recipients lose nearly a dollar in benefits for each dollar earned and they may also lose health care and other income-tested benefits. Because of the high tax rate and loss of benefits, and because their earnings capacity is very low, many single mothers would be worse off working full-time than depending on welfare.[26]

Finally, AFDC promotes social isolation by creating a separate institution for the poor and by encouraging nonemployment at a time when married mothers are entering the labor force in increasing numbers. Ironically, whereas AFDC was originally designed to allow single mothers to replicate the behavior of married women, i.e., to stay home with their children, it currently functions to further separate the two groups.

So why not reduce dependence by simply cutting or even eliminating welfare benefits as some have suggested? Unfortunately such a strategy would do great harm to families who rely on welfare at some point but who are in no danger of becoming part of the underclass. Such families constitute the overwhelming majority of those who ever become dependent on welfare.[27] Furthermore, such a strategy would leave mothers with the fewest skills and least experience worse off and even more desperate than they are today. Reducing welfare could lead to increased dependence on illegal sources of income and even further isolation for those families at the bottom of the income distribution.

In this connection, it is important to recognize that the existence of intergenerational welfare dependence is not prima facie evidence of the ill effects of welfare. In the absence of welfare, intergenerational transmission of poverty is to be expected. Indeed, one justification for

welfare programs is to break this intergenerational link. Whether welfare ameliorates or exacerbates the intergenerational transmission of poverty is a complicated question that merits further research.[28]

Whereas welfare programs discourage work and isolate the poor, universal programs have the opposite effect. Because benefits in universal programs are not eliminated as earnings increase, they provide an incentive to work for those who would otherwise be dependent on welfare. That is, benefits from universal programs make low-wage work more competititve with welfare. Aiding the poor through institutions that serve all income classes is itself integrative.

Universal programs are also more successful in preventing poverty and reducing economic insecurity. By providing a common floor to everyone they lift the standard of living of the poorest, least productive citizens without stigmatizing them as economic failures. The common floor facilitates the efforts of such citizens to escape life on the dole, by making life off the dole more attractrive. Universal programs therefore prevent both poverty and welfare dependence. The common floor, of course, also cushions the fall of middle and upper income families who come upon hard times.[29] Finally, because universal programs provide a valuable good or service to all citizens, they develop a more powerful political constituency and are therefore funded far more generously than programs for the poor.[30] A recent comparison of six industrialized countries shows that the poverty rates of single mothers are substantially lower in countries that rely most heavily on universal and employment related income transfer programs as compared to countries that rely heavily on means-tested programs.[31]

Although universal programs have clear benefits for the underclass, some analysts have argued that they are inefficient. The small amount of research that directly addresses this issue, however, suggests that whether universal or welfare programs are more efficient is difficult to ascertain and that in any case the differences are not likely to be large.[32] What is clear, however, is that universal programs will be more costly than welfare programs to upper middle and upper income families.

The new child support assurance system (CSAS) which is being implemented in Wisconsin and other parts of the country encourages labor force attachment and reduces isolation.[33] Under CSAS, the financial obligation of the nonresidential parent is expressed as a percentage of his (or her) income and is withheld from earnings like income and payroll taxes. The child receives the full amount paid by the nonresident parent, but no less than a socially assured minimum benefit. When the nonresident parent is unemployed or has very low earnings, the government makes up the difference just as it does with the social security pension. CSAS is at least a cousin of our social insurance programs, which require a contribution from all member families but which guarantee a minimum pension irrespective of the contribution. CSAS increases indirect attachment to the labor force by providing a link between the mother-only family and the nonresidential parent who is employed, and it increases direct attachment by providing a source of income that supplements rather than replaces earnings.

Universal child care, health care, and child allowance programs also help to integrate the poor into mainstream society. At present the government has two different mechanisms for subsidizing the cost of

raising children. Middle- and upper-middle income families receive their subsidies through three provisions in the tax code: the dependent care tax credit, the personal exemption for children, and the exclusion of employer-financed health insurance benefits from taxable income. Lower-income familes receive child care subsidies, welfare, and Medicaid. To beat welfare, unskilled single mothers need benefits from all three.

Replacing the personal exemptions for children in the federal income tax with an equally costly refundable credit or child allowance would shift resources toward the bottom half of the population and provide a small cash supplement to earnings. Making the child care tax credit refundable and more generous at the bottom would help the poor pay for child care.[34] Adopting a universal health insurance program would reduce the incentive to remain on welfare as a way of insuring health care coverage.

The most universalistic policy of all, and the one most important to poor single mothers, is full employment. High unemployment promotes both loose attachment to the labor force and female headship. Despite some gaps and anomalies, there is now a stong body of empirical research that documents that one of the costs of increased unemployment is increased female headship.[35] With the exception of the Vietnam War, unemployment rates for blacks have gone up steadily since the 1950s. William Julius Wilson has argued and our own examination of the evidence has led us to concur that this increase in unemployment was probably the single most important cause of the increase in female headship among poor blacks.[36]

For single mothers themselves, a high demand for labor increases both the availability of jobs and their rate of pay. It also increases the ability of nonresidential fathers to pay child support. In sum, nothing will do more to forestall the development of an underclass than a full-employment policy.

SUMMARY

Although the vast majority of single mothers do not fit the description of an underclass, there is a small group of predominantly black single mothers concentrated in northern urban ghettos that is persistently weakly attached to the labor force, socially isolated and reproducing itself. Although welfare programs are necessary for those who are failed by or who fail in (depending upon one's political perspective) the labor market and other mainstream institutions, too heavy a reliance upon welfare can facilitate the growth of an underclass. In contrast, aiding single mothers through more universal programs such as a child support assurance system, child care, health care, children's allowances, and a full employment macro-economic policy will retard the growth of an underclass.

Notes

[1]U.S. Bureau of the Census, Current Population Reports, Series P-20, Nos. 105, 106, and 423 (Washington, D.C.: U.S. Government Printing Office, 1960, 1961, and 1988).

[2]Larry L. Bumpass, "Children and Marital Disruption: A Replication and Update," Demography, 21(1): 71-82 (February 1984).

[3]Barbara Bergman, 1986. The Economic Emergence of Women (New York: Basic Books).

[4]Irwin Garfinkel and Sara S. McLanahan, Single Mothers and Their Children: A New American Dilemma (Washington, D.C.: The Urban Institute, 1986).

[5]Ken Auletta, The Underclass (New York: Random House, 1982).

[6]Ken Auletta, "The Underclass: Part III," The New Yorker, 57(41):105 (November 30, 1981).

[7]Isabel V. Sawhill, Challenge to Leadership: Economic and Social Issues for the Next Decade (Washington, D.C.: The Urban Institute, 1988); Robert D. Reischauer, "The Size and Characteristics of the Underclass," paper presented at the Association for Public Policy Analysis and Management Research Conference (Washington, D.C.: The Brookings Institution, 1987).

[8]William Julius Wilson, The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy (Chicago: The University of Chicago Press, 1987), p. 8.

[9]William Julius Wilson, 1987; William Julius Wilson, Robert Aponte, Joleen Kirchenman, and Loic Woguant, "The Ghetto Underclass and the Changing Structure of Urban Poverty," in Quiet Riots: Race and Poverty in the United States, eds., Fred R. Harris and Roger W. Wilkens, New

York, Pantheon, 1988 in press; and Loic Woguant and William Julius Wilson, "Beyond Welfare Reform, Poverty, Joblessness, and the Social Transformation of the Inner City," in Welfare Reform: What Works and What Doesn't, Cambridge, Mass.: Harvard University, eds., David Ellwood and Phoebe Collingham, 1988 in press.

[10]Gary J. Duncan and Richard D. Coe, Years of Poverty, Years of Plenty: The Changing Economic Fortunes of American Workers and Families (Ann Arbor, Mich.: Survey Research Center, Institute for Social Research, University of Michigan, 1984).

[11]Mary Jo Bane and David T. Ellwood, "Slipping Into and Out of Poverty: The Dynamics of Spells," Journal of Human Resources, 21(1):1-23 (Winter 1986).

[12]Daniel Patrick Moynihan, The Negro Family: The Case for National Action (Washington, D.C.: U.S. Department of Labor, Office of Policy Planning and Research, 1965); Lee Rainwater and William L. Yancey (eds.), The Moynihan Report and the Politics of Controversy: A Trans-action Social Science and Public Policy Report (Cambridge, Mass.: MIT Press, 1967).

[13]Charles Murray, Losing Ground: American Social Policy, 1950-1980 (New York: Basic Books, 1985).

[14]Garfinkel and McLanahan, Single Mothers and Their Children.

[15]U.S. Bureau of the Census, 1987 Current Population Survey (Washington, D.C.: U.S. Government Printing Office, 1987). Although there is underreporting of welfare receipt in the CPS data, for our purposes this is not likely to be a problem. There is also underreporting in the data that Ellwood uses to determine what proportion of those who

receive AFDC receive it for a long period of time. (See the following footnote.) So long as those who fail to report receipt of AFDC are not long term recipients--a reasonable assumption--multiplying the proportion of single mothers reporting receipt of some welfare times the estimated proportion of long termers gives an accurate estimate of the proportion of single mothers who are dependent on welfare for an extended period.

[16]David T. Ellwood, Targeting "Would-Be" Long-Term Recipients of AFDC (Princeton, N.J.: Mathematica Policy Research, Inc., 1986).

[17]Peter Gottschalk, "A Proposal to Study Intergenerational Correlation of Welfare Dependence," Institute for Research on Poverty mimeo, May 1988. Using the National Longitudinal Survey, Gottschalk finds that 50 percent of white and 70 percent of black daughters of mothers who experience any welfare dependence will themselves experience at least one year of welfare dependence within 7 years of leaving home. Greg J. Duncan, Martha S. Hill, and Saul D. Hoffman, "Welfare Dependence Within and Across Generations," Science, 239:469 (January 1988) report much smaller intergenerational dependence. Only 36 percent of daughters whose mothers received welfare received welfare themselves between ages 21 and 23. By limiting their examination to these 3 years of age, however, they severely underestimate welfare receipt of daughters.

[18]Ellwood, 1986. We use the figure for unmarried mothers which is 38 percent. We also assume that the estimates for daughters would apply as well to sons.

[19]Andrew Cherlin, 1981, Marriage, Divorce, Remarriage. Cambridge Mass.: Harvard University Press.

[20]More generally, the figure in the text should be considered a lower bound. To see this, suppose each mother has only one daugher who either does or does not become dependent on welfare for a long period of time. If the daughters do not become long term dependents we classify the mothers as outside the underclass because they ahve raised a productive child, which is in itself productive. But in reality, many mothers have more than one daughter. In some cases, one or more of the daughters will become long term dependents while one or more will not. By multiplying the 36 percent of daughters of long term welfare dependent mothers who themselves become long term dependents times the 18 percent who are long term dependents, we are implicitly assigning a portion of each mother with multiple children to underclass or nonunderclass status. An argument can be made, however, that even if only one of several daughters of a mother with long term nonattachment to the labor force exhibited the same behavior, that family would be appropriately included as part of an underclass.

[21]Ellwood, 1986.

[22]Sara S. McLanahan, Irwin Garfinkel, and Dorothy Watson, "Family Structure, Poverty, and the Underclass," Institute for Research on Poverty Discussion Paper no. 823, University of Wisconsin-Madison, 1987. Forthcoming in National Academy of Science, NRC book).

[23]Sara S. McLanahan, Nan Astone, and Nadine Marks, "The Role of Mother Only Families in Reproducing Poverty," paper presented at a conference on "Poverty and Children," University of Kansas, June 20-22, 1988.

[24]For a brief historical account of public aid to single mothers, see Chapter 4 of Irwin Garfinkel and Sara McLahahan, 1986.

[25]For a critical summary of the literature see Chapter 3 of Irwin Garfinkel and Sara McLanahan, 1986.

[26]Danziger, Sheldon, Robert Haveman; and Robert Plotnick, "How Income Transfers Affect Work, Savings, and the Income Distribution: A Critical Review," Journal of Economic Literature 19 (September 1981): 975-1028.

[27]Ellwood, Targeting "Would-Be" Long-Term Recipients of AFDC. Although this statement about the proportion of families who ever receive welfare who become long term recipients may appear to be inconsistent with the earlier estimates of the proportion of welfare families at a point in time who are long term recipients, there is no inconsistency. The point in time estimate will always be higher than the life-time exposure estimate since the short term recipients are less likely to be on welfare at any point in time.

[28]Gottschalk proposes to address this issue. See P. Gottschalk, 1988.

[29]In addition to the cushion provided by a common floor, social insurance programs--which along with free public education, are the two most important universal systems in the U.S.--provide additional protection to middle and upper income families by providing higher benefits to workers with histories of higher earnings.

[30]For a discussion of the politics of universal and income tested programs, see Gordon Tullock, "Income Testing and Politics: A Theoretical Model;" David Berry, Irwin Garfinkel, and Raymond Munts, "Income Testing in Income Support Programs for the Aged;" pp. 499-513 of the concluding chapter in Income-Tested Transfer Programs: The Case For and Against, edited by Irwin Garfinkel, 1982, New York, New York:

Academic Press; Huch Heclo, "The Political Foundations of Antipoverty Policy" in Fighting Poverty: What Works and What Doesn't, edited by Sheldon H. Danizger and Daniel H. Weinberg, 1986, Cambridge, Mass.: Harvard University Press; and Margaret Weir, Ann Orloff and Theta Skotchpool (eds.), 1989, The Politics of Social Policy in the United States, Princeton: Princeton University Press; Shelia Kamerman and Alfred Kahn, 1988, Mothers Alone: Strategies for a Time of Change. Doner, Mass.: Auburn House.

[31]Barbara B. Torrey, and Timothy Smeeding, Poor Children in Rich Countries, paper prepared for Population Association of America Meetings, New Orleans, Louisiana, April 21-23, 1988.

[32]See David Betson, David Greenberg, and Richard Kasten, "A Simulation Analysis of the Economic Efficiency and Distributional Effects of Alternative Program Structures: The Negative Income Tax versus the Credit Income Tax; Jonathan R. Kesselman, "Taxpayer Behavior and the Design of a Credit Income Tax;" Efraim Sadka, Irwin Garfinkel, and Kemper Moreland, "Income Testing and Social Welfare: An Optimal Tax-Transfer Model," and pp. 503-509 in the concluding chapter in Income-Tested Transfer Programs; The Case For and Against, Garfinkel, ed., 1982.

[33]Irwin Garfinkel and Patrick Wong, "Child Support and Public Policy," Institute for Research on Poverty Discussion Paper no. 854, University of Wisconsin-Madison, 1987.

[34]Another alternative is for the government to provide child care for all and to charge a sliding-scale fee based upon income.

[35]See Garfinkel and McLanahan, Single Mothers and Their Children, for a summary of the literature. See also S. South, "Economic Conditions and

the Divorce Rate: A Time Series Analysis of the Portwar United States," Journal of Marriage and the Family 47: 31-42 (1985); Andrew Cherlin, Social and Economic Determinants of Marital Separation (Los Angeles: University of California Press, 1976); William Julius Wilson, The Truly Disadvantaged; D. P. Moynihan, The Negro Family.

[36]Wilson, The Truly Disadvantaged.

Mailing Address:

Center for Demography and Ecology
4412 Social Science Building
1180 Observatory Drive
University of Wisconsin
Madison, WI 53706